Black Money

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*130. SHRI MOHAN RAWALE :
SHRI AMAR PAL SINGH :

Will the Minister of FINANCE be pleased to state :

(a) whether the Government propose to amend the laws relating to search and seizure of Black Money; and

(b) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) Yes, Sir.

(b) A Bill is proposed to be introduced in the current session of Parliament. The details of amendments will be known at the time of the introduction of the Bill.

[Translation]

SHRI MOHAN RAWALE : Mr. Speaker, Sir, through you I would like to know from the hon'ble Minister the total amount of black money in the country and the number of persons arrested and punished in this regard.

[English]

SHRI P. CHIDAMBARAM : This question relates to an amendment relating to black money. You are suddenly asking me as to how many have been arrested. You may put a separate quesion and I will give you an answer.

SHRI MADHUKAR SARPOTDAR : He has asked for the details thereof.

SHRI P. CHIDAMBARAM : I am talking about the details of the law which I am going to introduce in the current session of Parliament.

MR. SPEAKER : I agree with you.

SHRI MADHUKAR SARPOTDAR : He is more concerned with the persons involved in black money.

MR. SPEAKER : Mr Rawale did not expect that his question would come up today! So, he is not prepared.

(Interruptions)

[Translation]

SHRI AMAR PAL SINGH : Mr. Speaker, Sir, today 80 per cent I.A.S. officers holding higher posts who are having most of the black money in the country rather than traders and industrialists. Through you, I would like to know from the hon'ble Minister as to whether there is any provision in this Bill to seize the black money and illegal property of these I.A.S. Officers which they are having in the metropolitan cities.

[English]

SHRI RAM NAIK : Sir, now the Minister also did not expect that the question will come up for reply!

MR. SPEAKER : No, no; he has to wait for the translation!

SHRI P. CHIDAMBARAM : While there are black sheep in any organisation or any group or any fraternity, I certainly would not agree that, as a class, the IAS officers are corrupt and that they have black money. I think, that is wrong...*(Interruptions)*

[Translation]

SHRI AMAR PAL SINGH : I am talking about 80 per cent officers. Only 20 percent Officers are honest.

[English]

SHRI P. CHIDAMBARAM : While I will have to respect the views of the hon. Member, I would humbly submit that I completely disagree with it. I have worked with a number of officers. I think, many of them are extremely honest and they retire with great dignity keeping the honesty in tact. I would not agree with that.

But certainly yes, some cases do involve IAS officers. We read about them in the newspapers. People are arrested, people are searched; I can give you the total number of warrants issued and the total number of seizures made. But I cannot name any IAS officer. As I said, this question deals with the law that I will introduce. I am willing to deal with the law. It is a major Amendment that I am introducing in this Session.

In 1993-94, 5,026 warrants were issued and Rs. 396.45 crore were seized. The average seizure per warrant was Rs. 7.88 lakh. In 1994-95, 4,830 warrants were issued and Rs. 381 crore were seized. The average seizure was Rs. 7.89 lakh per warrant. In 1995-96, 4,612 warrants were issued. Rs. 458 crore were seized. The average seizure was Rs. 9.93 lakh per warrant. From April, 1996 to October, 1996, 1,788 warrants were issued and Rs. 178 crore were seized. The average seizure per warrant is Rs. 9.95 lakh.

Therefore, it will be obvious that these are cases where we have good information. After a senior officer applies his mind, a warrant is issued. And searches have resulted in seizure of unaccounted money. At the same time, I wish to dispel the impression that we would raid everybody or we would institute a 'Raid-*raj*'. That is not the policy of this Government. The point that we are trying to say is that if black money is there, if information is there, if unaccounted money is there, the law has no respect for title or office or position. The law will take action against everybody.

[Translation]

SHRI SHATRUGHAN PRASAD SINGH : Mr. Speaker, Sir, I would like to know from the Government whether a parallel economy of black money is in operation in the whole country as a result of which need has been felt to amend the law pertaining to the black money?

[English]

SHRI P. CHIDAMBARAM : No, Sir, this legislation deals with Chapter 14 (B) of the Income-Tax Act. Chapter 14(B) of the Income-Tax Act was amended w.e.f. 1st July, 1995.

Now, I have discussed this with the Chief Commissioners and Commissioners. I am satisfied that the Amendment of 1 July, 1995, in its application, tends to favour the tax-evader.

Therefore, I am introducing an amendment to rectify that position so that there is no premium for tax evasion; there is no advantage in tax evasion and where searches and seizures are conducted and money is seized, this amendment will place obligations upon the person from whom the money has been seized to file a return and there will be penalties apart from the tax and interest that is due. The amendment will be introduced in this Session. I have no doubt in my mind that all sections of the House will support the amendment.

SHRI S. BANGARAPPA : Mr. Speaker, Sir, my question relates to black money which is considered to be running a parallel economy in this country for decades. We are happy to hear that at least an amendment has been thought of by the Government and the Finance Minister proposes to bring in an amendment to the existing laws in this Session of Parliament.

Sir, there was a Committee formed long back, maybe, some decades ago and that Committee had also submitted its report to the Government of India and that Report is still lying with the Government. My straight question to the Finance Minister is : Is he going to base his intended amendment to the existing laws solely on the basis of the recommendations of that Committee, which submitted its report some decades ago, or is he thinking on some other different lines? This is my first question.

No doubut you are serious about the eradication of black money in this country. Now, my second question is, are you under an impression that by bringing about such an amendment to the existing laws you would be able to eradicate black money, which is considered to be running a parallel economy, from this country?

SHRI P. CHIDAMBARAM : Sir, my answer to the first part of the supplementary is that the amendment that I would bring deals with only Chapter 14B of the Income-tax Act. It is not intended to be acomprehensive law dealing with all the aspects of black money. Chapter 14B deals with cases of search and seizure where unaccounted money is recovered during the course of search and seizure. That chapter is being amended. When the amendment comes, the hon. Members would have an opportunity to comment on it and I have no doubt that they would support me.

SHRI NIRMAL KANTI CHATTERJEE : When is the Bill going to be introduced?

SHRI P. CHIDAMBARAM : It would be brought during this Session.

MR. SPEAKER : In fact, the Bill is being introduced today.

SHRI P. CHIDAMBARAM : No, Sir, that is another Bill. That is in regard to the State of Andhra Pradesh.

MR. SPEAKER : Is it so?

SHRI P. CHIDAMBARAM : Yes, Sir.

MR. SPEAKER : I see.

SHRI P. CHIDAMBARAM : In answer to part B of the question I would like to say that I have no illusion that by this amendment we would be able to eradicate the menace of black money.

SHRI HANNAN MOLLAH : Why is it generated?

SHRI P. CHIDAMBARAM : Black money is generated on account of variety of reasons. I do not think that we should enter into a discussion on why black money is generated. That is not possible to discuss in the course of an answer to a supplementary. I think, there are many reasons why black money is generated.

SHRI RAJIV PRATAP RUDY : Sir, we should have a half-an-hour discussion on the subject.

MR. SPEAKER : The Bill itself would be discussed, why are you asking for a half-an-hour discussion?

(Interruptions)

MR. SPEAKER : When you are talking about the amendment you cannot go into the details now.

(Interruptions)

[Translation]

SHRI RAM NAIK : Mr. Speaker, Sir, since the hon'ble Minister has decided to introduce a Bill with regard to the search and seizure of black money, I would like to know from him as to whether the Government is aware of the total amount of black money in the country at present? Besides this, what is the policy of the Government in regard to other provisions to be made alongwith this amendment?

[English]

Should I repeat in English?

SHRI P. CHIDAMBARAM : No, I got it.

MR. SPEAKER : Yes, he has understood the question.

SHRI P. CHIDAMBARAM : This amendment is confined, as I said, only to Chapter 14B of the Income-

tax Act. I do not propose to widen the scope of this amendment. It is necessary to pass this amendment in this Session. If I widen the scope of the Bill, then it will not be possible to pass it in this Session.

SHRI RAM NAIK : I am not asking about that.

SHRI P. CHIDAMBARAM : Therefore, this amendment is confined to Chapter 14B of the Income-tax Act. I would request for your support to pass this amendment after you see it and study it.

SHRI RAM NAIK : We should pass it on merits.

SHRI P. CHIDAMBARAM : Of course, on merits.

On the estimates of black money, I am very cynical about these estimates. There was an estimate made in the year 1983-84. I am sometimes amused by these figures. The black money was estimated between Rs. 31584 crore to Rs. 36786 crore.

SHRI RAM NAIK : Does it mean that after 1984 nothing has been done?

SHRI P. CHIDAMBARAM : I am not saying that.

MR. SPEAKER : He is coming to the other figure.

SHRI PRAMOD MAHAJAN : You should first arrest the informer. He knows better than you. He will give you more information. He knows up to the last pie.

SHRI P. CHIDAMBARAM : We all know that there is a lot of black money. Some Members will disagree and some will agree - I am sure you will agree - that the black money is there largely because of the regime of high taxation, high stamp duties in property transactions and, of course, greed is also there. There are a variety of reasons as to why the black money is generated. We can discuss the larger issue of black money separately and if any law is to be made, we can look into it. But in answer to your question, apart from this Bill, I will introduce in the next Session of Parliament a Bill on money laundering.

COL. RAO RAM SINGH : This question is about the black money. The Finance Minister has himself said that the causes of generation of black money are high taxation and stamp duties on transfer of property. Is the Government considering any measures to rectify these causes which generate black money? Secondly, in one of his earlier replies the Finance Minister has said that legitimisation of black money is not recommended by any economist. Will the Government consider that where the black money is available in large quantities it can be donated to the funds of political parties, especially when the people possessing the money say that it belongs to a political party? This is not allowed. Funding of elections is a hot topic these days. Government, I think, stands to save a considerable amount if it allows, even for once, the allowances made from black money to be donated to the funds of a political party. If the Minister does not want to reply, I can understand it.

SHRI P. CHIDAMBARAM : Is my distinguished learned friend a potential donor or a potential recipient?

[English]

Foreign Equity in Coal Mining Sector

*131. SHRI SONTOSH MOHAN DEV : Will the Minister of COAL be pleased to state :

(a) whether the Government have decided to allow 100% foreign equity in coal mining sector;

(b) if so, whether the Coal Department has been asked to amend the Coal Mines (Nationalisation) Act, 1973 to increase the area for prospecting licensing;

(c) if so, the details thereof; and

(d) by what time the Government propose to allow foreign equity investment in coal mining?

[Translation]

THE MINISTER OF STATE OF THE MINISTRY OF COAL (SHRIMATI KANTI SINGH) : (a) The industrial proposals of 100% owned subsidiaries of foreign companies are generally supported subject to certain eligibility conditions. All downstream investments by foreign holding companies through joint ventures and subsidiaries require prior Government approval from the Foreign Investment Promotion Board (FIPB). No separate policy to allow 100% foreign equity in the coal mining sector has been laid down by the Government.

(b) The Coal Mines (Nationalisation) Act, 1973 does not provide for grant of prospecting licences of leases for coal mining.

(c) Does not arise in view of the answer to Part (b) of the question.

(d) Foreign equity participation in the private sector coal companies seeking to mine coal for captive consumption for power generation, iron and steel production and cement production is allowed subject to prior approval of FIPB on a case to case basis.

[English]

SHRI SONTOSH MOHAN DEV : At the very outset, I apologise for asking this question. I never thought that Question No. 11 will come today and that is why I asked a supplementary.

The hon. Minister has said that as a policy there is no hundred per cent foreign equity but the FIP Board can clear it. Is it a fact that some applications came and ultimately the FIP Boad has rejected them; if so, the reasons thereof?

[Translation]

SHRIMATI KANTI SINGH : Hon'ble Member, it is correct. As the coal Company has not given permission